

304.42-120 Detection and prevention of insurer insolvencies or impairments.

To aid in the detection and prevention of insurer insolvencies or impairments:

- (1) It shall be the duty of the executive director:
 - (a) To notify the commissioners of all of the other states, territories of the United States and the District of Columbia when he takes any of the following actions against a member insurer:
 1. Revocation of license;
 2. Suspension of license;
 3. Makes any formal order that such company restrict its premium writing, obtain additional contributions to surplus, withdraw from the state, reinsure all or any part of its business, or increase capital, surplus, or any other account for the security of policy owners or creditors.Such notice shall be mailed to all commissioners within thirty (30) days following the action taken or the date on which such action occurs;
 - (b) To report to the board of directors when he has taken any of the actions set forth in paragraph (a) of this subsection or has received a report from any other commissioner indicating that any such action has been taken in another state. Such report to the board of directors shall contain all significant details of the action taken or the report received from another commissioner;
 - (c) To report to the board of directors when he has reasonable cause to believe from any examination, whether completed or in process, of any member insurer that such insurer may be an impaired or insolvent insurer;
 - (d) To furnish to the board of directors the NAIC insurance regulatory information system information developed by the National Association of Insurance Commissioners, and the board may use the information contained therein in carrying out its duties and responsibilities under this section. Such report and the information contained therein shall be kept confidential by the board of directors until such time as made public by the executive director or other lawful authority.
- (2) The executive director may seek the advice and recommendations of the board of directors concerning any matter affecting his duties and responsibilities regarding the financial condition of member companies and companies seeking admission to transact insurance business in this state.
- (3) The board of directors may, upon majority vote, make reports and recommendations to the executive director upon any matter germane to the solvency, liquidation, rehabilitation or conservation of any member insurer or germane to the solvency of any company seeking to do an insurance business in this state. Such reports and recommendations shall not be considered public documents.
- (4) The board of directors may, upon majority vote, notify the executive director of any information indicating any member insurer may be an impaired or insolvent insurer.
- (5) The board of directors may, upon majority vote, make recommendations to the executive director for the detection and prevention of insurer insolvencies.

Effective: July 15, 1998

History: Amended 1998 Ky. Acts ch. 537, sec. 8, effective July 15, 1998. -- Amended 1988 Ky. Acts ch. 282, sec. 6, effective July 15, 1988. -- Created 1978 Ky. Acts ch. 282, sec. 12, effective June 17, 1978.

Legislative Research Commission Note (6/20/2005). 2005 Ky. Acts chs. 11, 85, 95, 97, 98, 99, 123, and 181 instruct the Reviser of Statutes to correct statutory references to agencies and officers whose names have been changed in 2005 legislation confirming the reorganization of the executive branch. Such a correction has been made in this section.